

1 Arizona Department of Real Estate
2 2910 North 44th Street, Suite 100
3 Phoenix, AZ 85018
4 Telephone: (602) 468-1414
5 Fax: (602) 468-0562

6 **BEFORE THE ARIZONA DEPARTMENT OF REAL ESTATE**

7 In the matter of the real estate broker's' license
8 of:

NO. 05F-DI-294

9 KENNETH PERKINS, doing business as
10 VIRTUAL REALTY;

11 In the matter of the real estate salesperson's
12 license of:

13 WILLIAM PICKRON;

14 and

15 In the matter of:

16 JUAN CAMPOS; TREVOR HATCH; MARK
17 FELDBAUER; JAMES ANTHONY BUSCHE;
18 STEPHANIE YEBARRA; ROBERT BURDIAC;
19 JAY PATER; FREDDY CABRIEL; TIMOTHY
20 PAGEL; VIRTUAL REALTY FUNDING CO.,
21 LLC, also known as VRF CO; VIRTUAL
22 REALTY CO, LLC; HOME INVESTMENT &
23 ACQUISITIONS CO., LLC; and PLAYER
24 REALTY & INVESTMENTS, LLC, Arizona
25 limited liability companies;

26 Respondents.)

**ORDER SUMMARILY SUSPENDING
BROKER'S AND SALESPERSON'S
LICENSES,
CEASE AND DESIST ORDER
AND
NOTICE OF RIGHT TO
REQUEST HEARING**

27 **DIRECTED TO:**

28 Kenneth D. Perkins
dba Virtual Realty
1990 N. Alma School Rd., #182,
Gilbert, AZ 85233

Virtual Realty Co., LLC
1220 Sand Hill Ct.
Gilbert, AZ 85233

Virtual Realty Funding Co., LLC,
aka VRF Co.,
916 E. Baseline Rd,
Mesa, AZ 85204

1	JUAN CAMPOS Virtual Realty Funding Co., LLC 916 E. Baseline Rd, Mesa, AZ 85204	TREVOR HATCH Virtual Realty Funding Co., LLC 916 E. Baseline Rd, Mesa, AZ 85204	MARK FELDBAUER Virtual Realty Funding Co., LLC 916 E. Baseline Rd, Mesa, AZ 85204
3	Freddy Cabriel Virtual Realty Funding Co., LLC 916 E. Baseline Rd, Mesa, AZ 85204	JAMES ANTHONY BUSCHE Virtual Realty Funding Co., LLC 916 E. Baseline Rd, Mesa, AZ 85204	STEPHANIE YEBARRA Virtual Realty Funding Co., LLC 916 E. Baseline Rd, Mesa, AZ 85204
6	William Pickron Virtual Realty Funding Co., LLC 916 E. Baseline Rd, Mesa, AZ 85204	JAY PATER HOME INVESTMENT & ACQUISITIONS CO., LLC 433 East Rawhide Gilbert, AZ 85296	Timothy Pagel Virtual Realty Funding Co., LLC aka VRF Co. 916 E. Baseline Rd, Mesa, AZ 85204
9	ROBERT BURDIAK 561 West Mesquite Street Gilbert AZ 85233	PLAYER REALTY & INVESTMENTS, LLC Robert Burdiak, Stat Agent & Member 561 West Mesquite Street Gilbert AZ 85233	HOME INVESTMENT & ACQUISITIONS CO., LLC William Pickron, Manager & Member 433 East Rawhide Gilbert, AZ 85296

Pursuant to A.R.S. § 32-2157(B), the Real Estate Commissioner
("Commissioner"), based upon information and belief, alleges:

1. On or about November 15, 1994, the Arizona Real Estate Department
("Department") issued an original real estate broker's license to KENNETH PERKINS
("Perkins"). At all times material to this matter, Perkins has been licensed as a self-
employed broker, doing business as VIRTUAL REALTY COMPANY, LLC ("Virtual
Realty"). Perkins' license expires November 30, 2006.

2. On or about October 15, 2002, the Department issued a real estate
salesperson's license to WILLIAM PICKRON ("Pickron"). That license expires October
31, 2006. At all times material to this matter, Pickron was employed by Perkins as a
real estate salesperson.

3. VIRTUAL REALTY FUNDING, LLC, also known as VRF CO. ("VRF"), and
Virtual Realty are Arizona limited liability companies. According to records of the
Arizona Corporation Commission ("ACC"), Perkins is the manager and member for
both VRF and Virtual Realty. Neither VRF nor Virtual Realty is licensed as a real estate
salesperson or broker in this state.

1 4. PLAYER REALTY & INVESTMENTS, LLC ("Player Realty") is an Arizona
2 limited liability company. According to records of the ACC, ROBERT BURDIAC
3 ("Burdiak") is statutory agent and member of Player Realty. Neither Burdiak nor Player
4 Realty are licensed as a real estate salesperson or broker in this state.

5 5. JUAN CAMPOS ("Campos"), TREVOR HATCH ("Hatch"), MARK
6 FELDBAUER ("Feldbauer"), JAMES ANTHONY BUSCHE ("Jim" or "Busche"),
7 STEPHANIE YEBARRA ("Yebarra"), JAY PATER ("Pater"), Freddy Cabriel ("Cabriel"),
8 and Timothy Pagel ("Pagel") (collectively "Unlicensed Respondents") do not currently,
9 and at all times material to this matter did not, hold real estate salesperson or broker
10 licenses in this state. At all times material to this matter, the Unlicensed Respondents
11 were employed by and/or acted on behalf of Perkins, VRF and/or Home Investment
12 and Acquisitions Co., LLC.

13 6. RONNIE ANTONS ("Antons") and DAVID J. LEWIS ("Lewis") are
14 currently registered as Notaries Public by the Arizona Secretary of State. Antons and
15 Lewis do not currently, and at all times material to this matter did not hold real estate
16 salesperson or broker licenses in this state.

17 7. HOME INVESTMENT AND ACQUISITIONS CO., LLC ("HOME
18 INVESTMENT") is an Arizona limited liability company. According to ACC records,
19 Pickron is manager and a member and Dobbins is a member of HOME INVESTMENT.
20 HOME INVESTMENT is not licensed as a real estate salesperson or broker in this state.

21 8. Perkins and VRF, directly or indirectly, through authorized agents and
22 through a series of misrepresentations and dishonest dealings are effectuating the
23 unauthorized transfer or sale of client (victim) homes. Clients (victims) are transferring
24 ownership in their homes under the false pretenses that they are either consummating
25 a loan in an effort to save their homes from foreclosure or temporarily transferring
26 ownership to their property with the understanding that they could reacquire their
27 homes at some future time ("Lease Option"). In limited instances, clients seek to
28 secure financing for reasons other than financial distress. Under the terms of the

1 contract, title to the property is transferred to VRF and the clients pay service fees to
2 VRF in addition to all applicable mortgage payments, arrearages, and late fees.

3 9. Pickron and HOME INVESTMENT, directly or indirectly, through
4 Unlicensed Respondents and through a series of misrepresentations and dishonest
5 dealings are effectuating the unauthorized transfer or sale of client (victim) homes.
6 Clients (victim) are transferring ownership in their homes under the false pretense that
7 they are consummating a loan in an effort to save their homes from foreclosure. Under
8 the terms of the contract, title to the property is transferred to HOME INVESTMENT
9 and the client pays service fees to HOME INVESTMENT in addition to all applicable
10 mortgage payments, arrearages, and late fees.

11 10. Perkins and Pickron and their representatives target individuals whose
12 properties are pending foreclosure, and are under financial distress. Targeted
13 individuals include persons who speak English as a second language, or whose skill at
14 understanding contract terms in English are limited. The Unlicensed Respondents, on
15 behalf of VRF and/or HOME INVESTMENT work as field representatives for the
16 companies and contact the homeowners whose properties are pending foreclosure and
17 respond to calls from ads placed in local newspapers. The Unlicensed Respondents
18 make a presentation to the homeowners in which the homeowners are told that VRF
19 and/or HOME INVESTMENT can save their home, no credit check is run, no qualifying
20 is required, bankruptcy is not necessary, and funding is approved for all.

21 11. When the homeowner agrees to participate, the Unlicensed Respondents
22 collect specific, detailed information about the homeowner and the existing loan(s) on
23 the property. This information includes the name and address of the current lien holder,
24 outstanding balance, how many months in arrears the homeowner is in making
25 payments, the homeowners legal name, date of birth and Social Security number. The
26 Unlicensed Respondents give this information to Perkins, Pickron or others in their
27 offices who contact the clients to schedule appointments to sign documents. At the
28 meeting the clients are presented with English-language real estate purchase contracts

1 and other documents, including deeds, to transfer their property to VRF, and a payment
2 schedule is presented to them, showing payment amounts and where payments are to
3 be made. Perkins, Pickron and Unlicensed Respondents, misrepresent or fail to
4 adequately address the nature and consequences of the contracts and documents
5 which they present for the homeowners to sign.

6 **Complainant Carmen Garcia**

7 12. On or about July 18, 2003, Ms. Carmen Garcia ("Ms. Garcia"), a Mexican
8 citizen who speaks primarily Spanish, was contacted at her residence located at 5803
9 West Vernon, Phoenix, AZ 85035 by Campos, on behalf of VRF. Campos informed
10 Ms. Garcia that VRF would lend her money in order to bring her mortgage current.
11 Campos reassured Ms. Garcia that VRF would get her out of debt. Ms. Garcia then
12 gave Campos \$385 cash for the month of July, 2003. Ms. Garcia also gave VRF \$760
13 in August and September, 2003. Through its representatives, VRF told Ms. Garcia that
14 the July, August and September, 2003 payments would be applied to her mortgage in
15 an effort to bring her mortgage current.

16 13. Ms. Garcia signed multiple documents in furtherance of the transactions
17 with VRF upon the understanding that she was consummating a loan. Upon request,
18 Ms. Garcia was denied copies of all the documents she had signed. Documents in
19 possession of Ms. Garcia included an Agreement to Provide Administrative and
20 Negotiation Services, dated July 18, 2003, an Exclusive Right to Sell/Rent Listing
21 Contract signed by Ms. Garcia on August 5, 2003, and the first page of a Residential
22 Resale Purchase Contract, purporting to sell Ms. Garcia's home to Burdiak.

23 14. On or about September 24, 2003, VRF and/or Perkins served Ms. Garcia
24 with a 5-Day Notice to Vacate. On or about this same date, Ms. Garcia realized that
25 she was not getting a loan but selling her house. Ms. Garcia immediately contacted the
26 Department, which in turn contacted Perkins. Perkins allowed Ms. Garcia to cancel the
27 sale, and alleged that the Notice to Vacate was intended for another client named
28

1 Garcia and was misdirected to Ms. Garcia. Ms. Garcia did not receive a refund of any
2 payments made to VRF.

3 15. As a result of the affirmative misrepresentations of VRF, acting through its
4 representatives, Ms. Garcia was unaware that she signed any document(s) related to
5 the sale of her home. At all times relevant hereto, Ms. Garcia believed that the
6 documents signed were in furtherance of VRF's purported efforts to bring her mortgage
7 current.

8 **Complainant Marcella Salazar**

9 16. On or about January 8, 2004, the Department received a complaint from
10 Marcella Salazar ("Mrs. Salazar") alleging that VRF and its owner, Perkins, through
11 authorized representatives, had deceived her and her husband, Raymond Salazar Jr.
12 ("Mr. Salazar"), out of their house.

13 17. In October 2003, Trevor Hatch ("Hatch") of VRF contacted Mr. & Mrs.
14 Salazar concerning their home located at 1818 North 36 Place, Phoenix, AZ 85008,
15 which was in foreclosure. Hatch told Mr. & Mrs. Salazar that VRF would help them save
16 their house from foreclosure. In a purported effort to facilitate the process, Hatch
17 requested that Mr. and Mrs. Salazar provide their social security numbers, pay stubs,
18 bank statements and homeowner's insurance policy. Hatch told Mr. & Mrs. Salazar
19 that the information was needed in order to determine the type of loan that they were
20 entitled. Mr. & Mrs. Salazar complied with the request.

21 18. On or about November 15, 2003, Hatch unexpectedly appeared at Mr. &
22 Mrs. Salazar's residence and began photographing the interior and exterior of the
23 house. Hatch told Mr. & Mrs. Salazar that he needed to photograph the house in an
24 effort to help them qualify for the loan.

25 19. Subsequent to the initial contact with Hatch in October 2003, Mr. & Mrs.
26 Salazar received numerous phone calls from representatives of VRF informing them of
27 the need to come into the VRF office and review paperwork. Mr. & Mrs. Salazar
28

1 thereafter agreed to meet with representatives of VRF at the VRF Office in an effort to
2 gain insight into the proposed plan.

3 20. On or about November 24, 2003, Mr. & Mrs. Salazar met with
4 representative Feldbauer of VRF at VRF's office. Upon meeting with Mr. & Mrs.
5 Salazar, Feldbauer pulled out a folder with their name on it and took out a number of
6 documents, arranging them in such a manner that it was difficult to read each
7 document separately. Mr. and Mrs. Salazar signed the documents. After signing the
8 documents, they were given copies and informed that they would have to return to sign
9 additional documents. At the signing, Mr. & Mrs. Salazar were instructed to sign a
10 Notary log book belonging to Ronni Antons. Antons was not present at the signing.
11 Feldbauer further instructed Mr. and Mrs. Salazar that they were required to make three
12 payments of \$620-\$630 to stop the foreclosure.

13 21. Documents signed by Mr. & Mrs. Salazar in furtherance of the transaction
14 included an Exclusive Right to Sell/Rent Listing Contract, a Real Estate Agency
15 Disclosure and Election, a Residential Resale Real Estate Purchase Contract, an
16 Affidavit of Property Value, a Warranty Deed and various other documents giving VRF
17 the authority to sell their home and transferring ownership in their home to Player
18 Realty.

19 22. Under the Residential Resale Real Estate Purchase Contract, Unique
20 Real Estate allegedly acted as Player Realty's agent in the purchase agreement. Jack
21 Sandhagen, Designated Broker for Unique Real Estate, has denied all involvement in
22 and knowledge of the transaction and the parties.

23 23. According to Mrs. Salazar, she began having doubts about VRF's plan
24 and contacted the real estate agent through whom they had purchased their house in
25 1995. The agent advised Mrs. Salazar that the documents she had signed gave VRF
26 the authority to sell her home and transferred ownership in the home.

27 24. After the Department contacted Perkins, Mr. & Mrs. Salazar were
28 released from their contract with VRF.

1 25. As a result of the affirmative misrepresentations of VRF, acting through
2 its representatives, Mr. & Mrs. Salazar were unaware that they signed any document(s)
3 related to the sale or transferring of ownership in their home. At all times relevant
4 hereto, Mr. & Mrs. Salazar believed that the documents signed were in furtherance of
5 VRF's purported efforts to bring their mortgage current.

6 **Complainant Luis and Julia Estrella**

7 26. On or about June 16, 2004, the Department received a complaint from
8 Luis and Julia Estrella ("Mr. & Mrs. Estrella") alleging that VRF, through authorized
9 representatives, were misleading in their representations about being able to save the
10 Estrella's home, located at 2790 West de la Grutas, Tucson, AZ 85742, from
11 foreclosure.

12 27. In April 2004, Busche and Yebarra, contacted Mr. & Mrs. Estrella at their
13 home and indicated that VRF could help them save their home from foreclosure. In
14 discussing the options, Busche informed Mr. & Mr. Estrella that VRF could pay off their
15 mortgage and that they could make payments directly to VRF with an option of buying
16 back the loan after a few years (a "Lease Option"). Mr. and Mrs. Estrella were informed
17 that they would first have to transfer ownership in their home to VRF in order to take
18 advantage of the Lease Option.

19 28. Upon the understanding that they were consummating a Lease Option,
20 Mr. & Mrs. Estrella signed several documents. Documents purportedly signed by Mr. &
21 Mrs. Estrella in furtherance of the transaction included an Exclusive Right to Sell/Rent
22 Listing Contract, a Real Estate Agency Disclosure and Election, and a Residential
23 Resale Real Estate Purchase Contract.

24 29. According to the Residential Resale Real Estate Purchase Contract,
25 Virtual Reality, through its agent Brian Barnes, acted as the agent for the purchaser of
26 Mr. & Mrs. Estrella's Home. The purchaser was Player Realty. The Residential Resale
27 Real Estate Purchase Contract was purportedly signed by Mr. & Mrs. Estrella on May
28

1 15, 2004. Mr. & Mrs. Estrella deny signing any documents in furtherance of the
2 transaction with VRF on May 15, 2000.

3 30. At all times relevant hereto and as a result of the affirmative
4 misrepresentations of VRF, acting through its authorized representatives, Mr. & Mrs.
5 Estrella believed that they were consummating a Lease Option. At no time were they
6 informed that their house would be sold to a third person immediately after entering into
7 the alleged Lease Option. Mr. & Mrs. Estrella grew suspicious when real estate agents
8 began showing their home to prospective buyers.

9 **Complainant Dana Weber**

10 31. On or about July 20, 2004, Dana Weber filed a complaint with the
11 Department alleging that VRF and Perkins made misrepresentations to her about her
12 home, located 8233 West Tonto Lane, Peoria, AZ 85382, which was in foreclosure.

13 32. In March 2004, Ms. Weber began receiving notices that her home was in
14 foreclosure. As a result of the foreclosure, Ms. Weber began receiving advertisements
15 from various companies about how to save her home. Ms. Weber responded to VRF's
16 advertisement and, upon contacting them, meet with Jay Pater. Pater took photos of
17 the home and advised Ms. Weber that Perkins would be in contact with her.

18 33. On or about March 24, 2004, Ms. Weber met with Perkins. Perkins had
19 Ms. Weber sign a residential rental agreement. When Ms. Webber asked why she was
20 required to sign a residential rental agreement, Perkins maintained that it was standard
21 and assured her that she would maintain ownership in her house. Perkins informed
22 Ms. Weber that she would be required to sign a Deed transferring ownership in her
23 home to VRF. He further informed her, falsely, that VRF would deed the property back
24 to Ms. Weber at some future time. Perkins further informed Ms. Weber that she would
25 be required to pay monthly installments of \$1320. Ms. Weber paid the first monthly
26 installment before she left that day.

27 34. On or about April 12th and 15th of 2004, Ms. Weber met with Perkins to
28 consummate the deal. At this time, Ms. Weber signed a Deed and several other

1 documents assuring title and transferring ownership in her home to VRF. At this time,
2 Perkins again falsely assured Ms. Weber that her home would be deeded back to her
3 at some future time.

4 35. In May 2004, Ms. Weber was late making her monthly payment to VRF.
5 At this time, VRF served Ms. Weber with a Forcible/Special Detainer. Ms. Weber
6 managed to pay the May 2004 payment. Again, in June 2004 Ms. Weber was late in
7 making her payment. VRF notified Ms. Weber that she was being evicted as a result of
8 the late payment. Ms. Weber managed to pay two months of her required payments.
9 At this point she was paid thru July 2004. At this time, Ms. Weber decided to sell her
10 home.

11 36. Ms. Weber's real estate agent contacted Perkins regarding Ms. Weber's
12 desire to sell her home. Perkins informed the agent that Ms. Weber did not own the
13 house. Perkins further informed the agent that if Ms. Weber desired, Perkins would list
14 and sell the house and Ms. Weber would receive any excess proceeds from the sale.

15 37. On or about July 10, 2004, after several attempts at contacting Perkins,
16 Perkins contacted Ms. Weber and informed her that she needed a payoff request in
17 order to sell her house. Despite Ms. Weber's request, Perkins never provided Ms.
18 Weber with the necessary documents to effectuate the sale of her house. Ms. Weber
19 then asked for an itemization of funds paid and an amortization schedule. In response,
20 Perkins informed Ms. Weber that he was unable to produce an itemization of funds paid
21 or an amortization schedule.

22 38. On or about August 31, 2004, Ms. Weber moved out of the home that she
23 lost to VRF.

24 39. When the Department contacted Perkins, he denied doing anything
25 wrong, and said no documents existed to produce.

26 40. As a result of the affirmative misrepresentations of VRF, acting through
27 Perkins and authorized representatives, Ms. Weber signed the Warranty Deed and all
28 other documents in furtherance of the transaction with VRF under the false pretense

1 that her home would be deeded back to her and that if she had any problems making
2 payments, VRF would work with her.

3 **Complainant Ramona Randolph**

4 41. On or about December 1, 2004, the Department received from the
5 Attorney General's Office a complaint filed by Ramona Randolph.

6 42. Ms. Randolph purchased her home located at 3408 S. Domenis Place,
7 Tucson, AZ, sometime in 2000 or 2001. Through her home she provided elder care for
8 three people.

9 43. Ms. Randolph refinanced her home during summer, 2003. In November
10 or December of that same year, Ms. Randolph began having financial difficulties and
11 was unable to continue her business. Consequently, she fell behind on her mortgage
12 payments. Her lender, Ameriquest, attempted to work with her but when Ms. Randolph
13 was unable to make even partial payments, Ameriquest began foreclosure
14 proceedings.

15 44. Ms. Randolph called the number on an advertisement in the newspaper
16 which said "BEHIND ON MORTGAGE payments? Stop foreclosure! Call the experts.
17 Jim 360-0493." She explained her situation to Jim and he said he could help her. Jim
18 told Ms. Randolph that he needed information so he could contact her lender, including
19 how much the home was worth, her marital status, if she had dependents, her Social
20 Security number and date of birth. Jim informed her that he owned a loan company
21 and was in the business of loaning money to people in order to save their homes from
22 foreclosure. Jim assured Ms. Randolph that he would be able to help her save her
23 home from foreclosure.

24 45. Jim and a woman later identified as Stephanie Yebarra called on Ms.
25 Randolph for a tour of the home a few days later, and took photographs of the home. At
26 Jim's request, Ms. Randolph gave him a copy of the appraisal that had been done
27 when she refinanced the loan several months earlier. The next day, Jim returned and
28 had Ms. Randolph sign what he said was a receipt so they could begin the process of

1 notifying Ameriquest that the new company would take over the payments. Ms.
2 Randolph attempted to take the time to read the document, at which time Jim
3 interrupted her and explained that the form gave them permission to make payments to
4 Ameriquest. Ms. Randolph signed the form without fully reading it.

5 46. The following day, Yebarra appeared at Ms. Randolph's home with a
6 small stack of documents for Ms. Randolph to sign. Ms. Randolph again attempted to
7 review the documents but Yebarra insisted that she sign the papers and if there were
8 any questions Jim would answer them. Yebarra sat down, flipped through the
9 documents, and indicated where Randolph was to sign. Ms. Randolph signed the
10 papers.

11 47. A few days after signing papers with Yebarra, Ms. Randolph received a
12 package in the mail from Pickron, containing a handwritten note and copies of the
13 documents she had signed. The letter from Pickron indicated that Ms. Randolph's first
14 payment was due on February 1, 2004.

15 48. Ameriquest contacted Ms. Randolph on several occasions about the
16 mortgage, and Ms. Randolph advised them about her transaction with Jim, Yebarra,
17 Pickron and HOME INVESTMENTS. Ameriquest informed Ms. Randolph that they
18 had not heard from any of those individuals or entities on her behalf, and that they had
19 never heard of HOME INVESTMENTS.

20 49. Ms. Randolph was a few days late in making the February 1, 2004
21 payment. Shortly thereafter, she received a document ordering her to appear in court.
22 An attorney from Dobbins law firm appeared on behalf of HOME INVESTMENTS. The
23 Judge advised Ms. Randolph that she could sign the forcible detainer documents or
24 she could request a hearing to appeal the forcible detainer. Mrs. Randolph told the
25 Judge that she wanted a hearing to fight for her home.

26 50. After the hearing and outside the courtroom, HOME INVESTMENTS'
27 attorney approached Ms. Randolph and asked what he needed to do to help her. The
28 attorney then proceeded to tell Ms. Randolph that if she agreed to sign the forcible

1 detainer documents, she could call HOME INVESTMENTS on Monday and they would
2 make arrangements so that she could keep the home. They returned to the courthouse
3 and spoke to the judge, who explained to Ms. Randolph that by signing the documents
4 she was agreeing that the company could force her out of her home. In reliance on the
5 attorney's statements, Ms. Randolph signed the forcible detainer.

6 51. The following Monday, Ms. Randolph called HOME INVESTMENTS and
7 spoke to Pickron. Pickron informed Ms. Randolph that nothing could be done and
8 referred her to the Dobbins law firm. Ms. Randolph called the Dobbins law firm and
9 spoke to a "Denny," thereby apprising him of the lawyer's remarks outside of the
10 courtroom. The lawyer denied making any such remarks.

11 52. On or about March 15, 2004, a Notice to Vacate and Writ of Restitution,
12 Assistance or Possession from the Sheriff's Office was placed on Ms. Randolph's
13 home.

14 53. As of December 1, 2004, Ms. Randolph's former home was listed for sale
15 with a real estate company.

16 54. As a result of the affirmative misrepresentations of HOME
17 INVESTMENTS, acting through its authorized representatives Pickron, Dobbins and
18 Yebarra, Ms. Randolph transferred ownership in her property to HOME INVESTMENTS
19 under the false pretense that HOME INVESTMENTS would help her bring her
20 mortgage current by providing her with a loan.

21 **Connie & Roy Sembach**

22 55. In 1989, Connie and Roy Sembach ("Mr. & Mrs. Sembach") purchased a
23 home located at 5303 W. Christy Dr., Glendale, AZ 85304. Through a series of events
24 which occurred between 2000 and 2002, Mr. & Mrs. Sembach began having financial
25 difficulties. Consequently, they began to fall behind on their monthly mortgage
26 payment of \$1050 per month (which included a second mortgage). This mortgage was
27 held through Chase Mortgage ("Chase"). During 2003, Mr. & Mrs. Sembach
28 unavailingly attempted to correct their financial situation.

1 56. In September 2003, Mr. & Mrs. Sembach received an advertisement from
2 VRF. Mrs. Sembach called the number on the card and left a message. Shortly
3 thereafter she received a return call from a man by the name of Freddy Cabriel. A few
4 days after the initial phone call, Cabriel visited Mr. & Mrs. Sembachs' home. During the
5 visit, Mr. & Mrs. Sembach asked Cabriel various questions which he was unable to
6 answer. At the conclusion of his visit, Cabriel requested Mr. & Mrs. Sembachs'
7 homeowner's insurance information and left a check list of items to gather for a next
8 visit.

9 57. Shortly after the initial meeting with Freddy Cabriel, Mr. & Mrs. Sembach
10 visited the VRF office located in Mesa, Arizona. At the meeting, they met with a
11 Timothy Pagel and provided the information from the checklist. Pagel told Mr. & Mrs.
12 Sembach that VRF would contact Chase Mortgage and pay off the entire mortgage
13 including any and all delinquent amounts. In exchange for this exoneration, Pagel told
14 Mr. & Mrs. Sembach that they would be required to pay to VRF the amount of their
15 mortgage payment (\$1050) for the first few months, plus an additional \$150-\$200
16 service fee in the months thereafter. It was explained that they would have 24 months
17 in which to secure financing, at which time they would no longer be required to pay
18 VRF. Upon inquiry, Pagel assured Mr. & Mrs. Sembach that at no time would they
19 relinquish ownership in their home.

20 58. Relying on the assurances of Pagel that they would not lose ownership in
21 their home, Mr. & Mrs. Sembach signed several documents. Documents signed by Mr.
22 & Mrs. Sembach in furtherance of the transaction included a Residential Resale Real
23 Estate Purchase Contract, an Agreement to Provide Administrative and Negotiation
24 Services, an Exclusive Right to Sell/Rent and an Estoppel Affidavit.

25 59. Under the Residential Resale Real Estate Purchase Contract, Unique
26 Real Estate allegedly acted as Player Realty's agent in the purchase agreement. Jack
27 Sandhagen, Designated Broker for Unique Real Estate, has denied all involvement in
28

1 and knowledge of the transaction and the parties. Burdiak signed on behalf of Player
2 Realty.

3 60. After signing the various documents with Pagel, Mr. & Mrs. Sembach
4 began making payments to VRF.

5 61. In December 2003, Pagel contacted Mr. & Mrs. Sembach and requested
6 that they come to VRF's office to sign papers necessary to finalize the deal. When they
7 arrived at the office, they met with Perkins and a man by the name of Marc Chesley.
8 Perkins presented Mr. & Mrs. Sembach with a Residential Rental Agreement and
9 Option to Purchase Real Property. In addition, Mr. & Mrs. Sembach signed documents
10 related to the sale of their home. After reviewing the Residential Rental Agreement, Mr.
11 & Mrs. Sembach inquired as to why they were required to sign a rental agreement.
12 Perkins told Mr. & Mrs. Sembach that it was necessary to complete their arrangement
13 and that they still owned their home but were renting it until they secured a new
14 mortgage.

15 62. Between January 2004 and March 2004, Mr. & Mrs. Sembach made bi-
16 monthly payments of \$600 plus various additional fees.

17 63. In January 2004, Perkins visited Mr. & Mrs. Sembachs' home
18 unannounced and with prospective buyers. At this time, Perkins informed Mr. & Mrs.
19 Sembach that he was now the owner of their home. Perkins thereafter facilitated
20 various improvements to the home.

21 64. In March 2004, Mr. & Mrs. Sembach were served with a Forcible Detainer
22 summons, alleging that they were in violation of a Notice to Vacate and delinquent in
23 their monthly payments since January 1, 2004. Mr. & Mrs. Sembach appeared in court
24 on their own behalf and prevailed after demonstrating that they had made all of their
25 monthly payments. Shortly thereafter, Mr. & Mrs. Sembach moved from their home.

26 65. As a result of the affirmative misrepresentations of VRF, acting through its
27 representatives, Cabriel, Pagel and Perkins, Mr. & Mrs. Sembach were unaware that
28 they had signed any documents related to the sale or transferring of ownership in their

1 home. At all times relevant hereto, Mr. & Mrs. Sembach believed that they were
2 agreeing to a short-term loan with VRF and that any pending foreclosure proceedings
3 would be stopped.

4 **Paul Ryan**

5 66. Paul Ryan ("Ryan") purchased a townhouse located at 3133 W. Royal
6 Palm, Phoenix, AZ approximately five (5) years ago. The monthly mortgage on the
7 home is \$353.70 and the homeowner's association fee is \$130.

8 67. In April or May 2005, Ryan received an advertisement from VRF in the
9 Arizona Republic. The advertisement was placed in the "Money and Loans" section of
10 the Classifieds. Desiring additional monies to pay bills, invest and upgrade his
11 townhouse, Ryan called the advertisement. At that time he spoke with Perkins. Ryan
12 informed Perkins that he was interested in borrowing roughly \$10,000. Perkins
13 informed Ryan that VRF could provide him with a loan and persuaded Ryan to borrow
14 \$30,000 as opposed to \$10,000. Perkins informed Ryan that the monthly payment on
15 \$30,000 was \$500. Perkins further informed Ryan that the interest charge on \$30,000
16 was \$8,500.

17 68. After reflecting on the terms of the loan for a few days, Ryan called
18 Perkins and informed him that he was interested in the \$30,000 loan provided the
19 interest charge was reduced to \$7,500. At that time, Perkins informed Ryan that the
20 amount transmitted to Ryan would be slightly less than \$30,000 as a result of various
21 fees. Perkins accepted Ryan's counteroffer.

22 69. Thereafter, Ryan traveled to VRF's office located in Mesa, AZ. At that
23 time Perkins characterized the transaction as an "advance on your home equity" and
24 not a loan. Ryan then informed Perkins that he was not interested in using his
25 townhouse as collateral. Ryan made this clear to Perkins on at least two occasions
26 prior to consummating the deal. On all occasions, Perkins assured and reassured
27 Ryan that his townhouse was not at risk. Ryan also communicated his concerns about
28

1 what would happen if VRF ceased to exist. Again, Perkins reassured Ryan that his
2 townhouse was not at risk and that Ryan would continue to maintain ownership.

3 70. Relying on Perkins' assurances, Ryan agreed to the transaction.
4 Perkins hurriedly presented the documents to Ryan for signing. Ryan attempted to
5 ascertain from Perkins the nature and purpose of the documents prior to signing.
6 Perkins characterized the paperwork as standard and necessary and directed Ryan's
7 attention to a Memorandum. Perkins informed Ryan that the Memorandum states the
8 five ways in which Ryan could "reacquire" his townhouse. Also present in the room at
9 the time of signing was Lewis.

10 71. Documents signed by Ryan at the initial meeting included a Residential
11 Real Estate Purchase Contract, Residential Rental Agreement and Receipt for Deposit
12 and a Memorandum. Under the Residential Resale Real Estate Purchase Contract,
13 Ryan sold his townhouse to VRF. Perkins, acting through Virtual Reality, acted as
14 VRF's (buyer) agent.

15 72. After returning home, Ryan had a friend review the documents. Ryan
16 then learned that the documents he had signed did not involve what he had originally
17 thought. At this time, Ryan contacted Dave Lewis at the VRF office and requested to
18 cancel the transaction. Shortly thereafter, Perkins called Ryan and informed him that
19 there was a \$1,500 cancellation fee. Perkins further informed Ryan that the money
20 was available, and convinced Ryan to allow him to visit his home and present the final
21 paperwork which would facilitate the release of the funds.

22 73. Perkins appeared at Ryan's home and presented a document entitled
23 Agreement to Assign Beneficial Interest in Real Property and Agreement to
24 Repurchase Beneficial Interest in Real Property. Ryan signed the document, recalling
25 that it was dated May 11, 2005, the date he originally met with Perkins. Perkins then
26 informed Ryan that he could pick up his money from a particular individual at Chicago
27 Title Company in Phoenix, Arizona.

74. On or about May 25, 2005, Ryan traveled to Chicago Title Company to pick up the money. Upon meeting with the designated individual, he was asked to sign a Deed before being handed the check. Ryan signed the Deed and received a check in the amount of \$28,000. Ryan did not receive a copy of the Deed. However, he later received a settlement statement.

75. On or about May 26, 2005, Ryan learned through his homeowner's association that he was no longer the owner of his townhouse. Upon inquiry, the homeowner's association informed Ryan that the new owner was VRF. This was the first time Ryan learned that he was no longer the owner of his townhouse.

76. As a result of the affirmative misrepresentations of VRF, acting through its representatives, Perkins and Lewis, Ryan was unaware that they had signed any documents related to the sale or transferring of ownership in his townhouse. At all times relevant hereto, Ryan believed that he was agreeing to a short-term loan with VRF and that he would continue to maintain ownership throughout the term of his loan.

SUMMARY SUSPENSION OF REAL ESTATE LICENSES

FINDING that KENNETH D. PERKINS has committed acts in violation of A.R.S. §§ 32-2153 (A) (1), (2), (3), (4), (6), (21), (22), (B)(3), (4), and (7), that state in pertinent part:

* * *

A. The commissioner may suspend or revoke a license, deny the issuance of a license, issue a letter of concern to a licensee, issue a provisional license or deny the renewal or the right of renewal of a license issued under the provisions of this chapter if it appears that the holder or applicant, within five years immediately preceding, in the performance of or attempt to perform any acts authorized by the license or by this chapter, has:

1. Pursued a course of misrepresentation or made false promises, either directly or through others, whether acting in the role of a licensee or a principal in a transaction.

2. Acted for more than one party in a transaction without the knowledge or consent of all parties to the transaction.

1 3. Disregarded or violated any of the provisions of this chapter or
2 any rules adopted by the commissioner.

3 4. Knowingly authorized, directed, connived at or aided in the
4 publication, advertisement, distribution or circulation of any material
5 false or misleading statement or representation concerning the
6 licensee's business or any land, cemetery property, subdivision or
7 membership campground or camping contract offered for sale in this or
8 any other state.

6 * * *

7 6. Employed any unlicensed salesperson or unlicensed
8 associate broker.

8 * * *

9 21. As a licensed broker, failed to exercise reasonable
10 supervision over the activities of salespersons, associate brokers or
11 others under the broker's employ or failed to exercise reasonable
12 supervision and control over the activities for which a license is
13 required of a corporation, limited liability company or partnership on
14 behalf of which the broker acts as designated broker under section 32-
15 2125.

16 22. Demonstrated negligence in performing any act for which a
17 license is required.

14 * * *

15 B. The commissioner may suspend or revoke a license, deny the
16 issuance of a license, issue a letter of concern to a licensee, issue a
17 provisional license or deny the renewal or the right of renewal of a
18 license issued under the provisions of this chapter when it appears that
19 the holder or applicant has:

18 * * *

19 3. Made any substantial misrepresentation.

20 4. Made any false promises of a character likely to influence,
21 persuade or induce.

21 * * *

22 7. Not shown that the holder or applicant is a person of honesty,
23 truthfulness and good character.

24 and in violation of A.A.C. R4-28-1101, that states in pertinent part "A. A licensee owes
25 a fiduciary duty to the client and shall protect and promote the client's interests. The
26 licensee shall also deal fairly with all other parties to a transaction" and in violation of
27 A.A.C. R4-28-1103, that states in pertinent part "A. An employing broker and a
28 designated broker shall exercise reasonable supervision and control over the activities
of brokers, salespersons, and others in the employ of the broker...", and pursuant to

1 A.R.S. § 32-2157(B), the public welfare or safety imperatively requiring emergency
2 action in this matter before the Commissioner concerning the real estate broker's
3 license of KENNETH D. PERKINS doing business as VIRTUAL REALTY and the real
4 estate salesperson's license of WILLIAM PICKRON,

5 IT IS ORDERED that the real estate broker's license of KENNETH D. PERKINS
6 doing business as VIRTUAL REALTY is hereby summarily suspended.

7 FINDING that WILLIAM PICKRON has committed acts in violation of A.R.S. §§
8 32-2153 (A) (1), (2), (3), (4), (22), (B)(3), (4), and (7), that state in pertinent part:

9 * * *

10 A. The commissioner may suspend or revoke a license, deny the
11 issuance of a license, issue a letter of concern to a licensee, issue a
12 provisional license or deny the renewal or the right of renewal of a
13 license issued under the provisions of this chapter if it appears that the
14 holder or applicant, within five years immediately preceding, in the
15 performance of or attempt to perform any acts authorized by the license
16 or by this chapter, has:

17 1. Pursued a course of misrepresentation or made false
18 promises, either directly or through others, whether acting in the role of
19 a licensee or a principal in a transaction.

20 2. Acted for more than one party in a transaction without the
21 knowledge or consent of all parties to the transaction.

22 3. Disregarded or violated any of the provisions of this chapter or
23 any rules adopted by the commissioner.

24 4. Knowingly authorized, directed, connived at or aided in the
25 publication, advertisement, distribution or circulation of any material
26 false or misleading statement or representation concerning the
27 licensee's business or any land, cemetery property, subdivision or
28 membership campground or camping contract offered for sale in this or
any other state.

* * *

22. Demonstrated negligence in performing any act for which a
license is required.

* * *

B. The commissioner may suspend or revoke a license, deny the
issuance of a license, issue a letter of concern to a licensee, issue a
provisional license or deny the renewal or the right of renewal of a
license issued under the provisions of this chapter when it appears that
the holder or applicant has:

1 * * *

2 3. Made any substantial misrepresentation.

3 4. Made any false promises of a character likely to influence,
4 persuade or induce.

5 * * *

6 7. Not shown that the holder or applicant is a person of honesty,
7 truthfulness and good character.

8 and in violation of A.A.C. R4-28-1101, that states in pertinent part "A. A licensee owes
9 a fiduciary duty to the client and shall protect and promote the client's interests. The
10 licensee shall also deal fairly with all other parties to a transaction" and in violation of
11 A.A.C. R4-28-1103, that states in pertinent part "A. An employing broker and a
12 designated broker shall exercise reasonable supervision and control over the activities
13 of brokers, salespersons, and others in the employ of the broker...", and pursuant to
14 A.R.S. § 32-2157(B), the public welfare or safety imperatively requiring emergency
15 action in this matter before the Commissioner concerning the real estate salesperson's
16 license of WILLIAM PICKRON,

17 IT IS ORDERED that the real estate salesperson's license of WILLIAM
18 PICKRON is hereby summarily suspended.

19 **ORDER TO CEASE AND DESIST**

20 FINDING that UNLICENSED RESPONDENTS, PLAYER REALTY and ROBERT
21 BURDIACK, by virtue of their activities as stated hereinabove, have engaged in the
22 business, occupation or activity of a real estate salesperson in violation of A.R.S. § 32-
23 2122(B).

24 Having determined that the Respondents are engaging in acts, practices or
25 transactions that constitute violations of Title 32, Chapter 20, Arizona Revised Statutes,
26 NOW, THEREFORE

27 IT IS ORDERED that Respondents shall immediately cease and desist from
28 engaging in any real estate activity as defined by A.R.S. § 32-2101, et seq., in any

1 capacity whatsoever, directly or indirectly, within the State of Arizona without first
2 complying with all applicable laws and rules.

3 IT IS FURTHER ORDERED that, pursuant to A.R.S. §32-2154(A), Respondents
4 and each of them shall immediately notify all persons who have transactions pending
5 wherein any Respondent has prepared real estate contracts or performed any other
6 services in violation of Title 32, Chapter 20, Arizona Revised Statutes, that except for
7 Respondents Perkins and Pickron, Respondents were not licensed or authorized to
8 conduct such business, and none of the Respondents are currently authorized to
9 conduct such business.

10 **NOTICE OF RIGHT TO REQUEST HEARING**

11 This Summary Suspension and Cease and Desist Order is an appealable
12 agency action pursuant to A.R.S. § 41-1092. Respondents may request an
13 administrative hearing to contest this action by filing a Notice of Appeal within thirty (30)
14 days of Respondents' receipt of this notice. Failure to timely file a Notice of Appeal will
15 constitute a waiver of Respondents' right to any hearing on this matter and to any other
16 appeal right to which Respondents are otherwise entitled. The Notice of Appeal must
17 identify the appealing party, the party's address, the action being appealed and must
18 also contain a concise statement of the reasons(s) for the appeal.

19 Pursuant to A.R.S. § 41-1092.05, the hearing shall be held within sixty (60) days
20 after the Notice of Appeal is filed. Although Respondents may, upon motion filed with
21 the Office of Administrative Hearings, request an expedited hearing pursuant to A.R.S.
22 § 41-1092.05(E), such request may be approved or denied in the sole discretion of the
23 Office of Administrative Hearings. The Department will serve a Notice of Hearing at
24 least thirty (30) days before the hearing, which will inform Respondents of the date,
25 time and location of the hearing as well as further articulate the allegations being
26 contested.

27 If Respondents file a Notice of Appeal, Respondents may also request an
28 Informal Settlement Conference at the time of filing the Notice of Appeal, or separately

1 by filing a written request no later than twenty (20) days before the scheduled hearing.
2 This conference shall be held within fifteen (15) days after receipt of the request. A
3 Department representative with authority to act on behalf of the Department will be
4 present at the conference. The Department, however, is under no obligation to accept
5 settlement terms Respondents may offer. The scheduled hearing will not be delayed by
6 the Informal Settlement Conference.

7 The Notice of Appeal and request for an Informal Settlement Conference should
8 be addressed to:

Amy Bjelland, Director
Administrative Actions Division
Arizona Department of Real Estate
2910 N. 44th Street, Suite 100
Phoenix, Arizona 85018

12 DATED this _____ day of _____, 2005.

14 _____
15 AMY BJELLAND
16 Administrative Actions Director
Arizona Department of Real Estate

17 COPY of the foregoing sent by Certified
18 Mail, Return Receipt Requested this
_____ day of _____, 2005, to:

19 Kenneth D. Perkins
20 dba Virtual Realty
21 1990 N. Alma School Rd., #182
Gilbert, AZ 85233

22 Virtual Realty Co., LLC
23 1220 Sand Hill Ct.
24 Gilbert, AZ

25 Virtual Realty Funding Co., LLC
26 aka VRF Co.
27 916 E. Baseline Rd,
28 Mesa, AZ 85204

1 JUAN CAMPOS
Virtual Realty Funding Co., LLC
2 916 E. Baseline Rd,
3 Mesa, AZ 85204

4 TREVOR HATCH
Virtual Realty Funding Co., LLC
5 916 E. Baseline Rd,
6 Mesa, AZ 85204

7 MARK FELDBAUER
Virtual Realty Funding Co., LLC
8 916 E. Baseline Rd,
9 Mesa, AZ 85204

10 Freddy Cabriel
Virtual Realty Funding Co., LLC
11 916 E. Baseline Rd,
12 Mesa, AZ 85204

13 JAMES ANTHONY BUSCHE
Virtual Realty Funding Co., LLC
14 916 E. Baseline Rd,
15 Mesa, AZ 85204

16 STEPHANIE YEBARRA
Virtual Realty Funding Co., LLC
17 916 E. Baseline Rd,
18 Mesa, AZ 85204

19 ROBERT BURDIAK
561 West Mesquite Street
20 Gilbert AZ 85233

21 JAY PATER
HOME INVESTMENT & ACQUISITIONS CO., LLC
22 433 East Rawhide
23 Gilbert, AZ 85296

24 Timothy Pagel
Virtual Realty Funding Co., LLC
25 aka VRF Co.
26 916 E. Baseline Rd,
27 Mesa, AZ 85204
28

1 HOME INVESTMENT & ACQUISITIONS CO., LLC
2 William Pickron, Manager & Member
3 433 East Rawhide
4 Gilbert, AZ 85296

4 PLAYER REALTY & INVESTMENTS, LLC
5 Robert Burdiak, Statutory Agent and Member
6 561 West Mesquite Street
7 Gilbert AZ 85233

7
8 COPY of the foregoing sent by first class mail,
9 postage prepaid, this ____ day of _____, 2005, to:

9 Randy Delgado II
10 Assistant Attorney General, CPAS
11 Arizona Attorney General's Office
12 1275 W. Washington St.
13 Phoenix, AZ 85007

13 Arizona Department of Real Estate
14 Amy Bjelland, Director, Administrative Actions Division
15 Tom Adams, Director, Investigations Division
16 Rose Frazee, Deputy Director, Licensing Division
17 2910 North 44 Street, #100
18 Phoenix, AZ 85018
